

State of
Washington
House of
Representatives



January 7, 2013

Sharon Foster, Board Chair
Liquor Control Board
3000 Pacific Avenue
Mailstop 43076
Olympia, WA 98504

Ms. Foster:

As the Chairmen of the three legislative committees tasked with the oversight of the Liquor Control Board and the collection and distribution of state revenue, we are writing to express our belief that it is vital for the staff and leadership of the Liquor Control Board (LCB) to work in a more coordinated fashion with the Legislature on implementing Initiative 502. Let there be no doubt that we are committed to enacting the will of the citizens of Washington as expressed in their support of I-502. However, there are many unresolved questions regarding the federal government and marijuana's continued listing as a Schedule 1 controlled substance, taxation policy, impacts on local governments, LCB appropriations for implementation and other public policy considerations such as the role of the LCB itself.

While members of the Executive and Legislative branches of our state government are in active discussions with various representatives of the federal government, there has been no decision from the U.S. Department of Justice on whether it will exempt Washington state officials and employees from prosecution for enacting a regulatory regime overseeing the production, processing and distribution of marijuana for recreational use. It is inappropriate, in our view, for the LCB to assume this agreement exists.

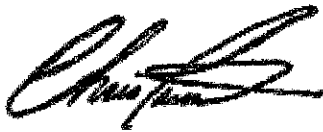
Of specific concern to us is the aggressive timeline being pursued by the Liquor Control Board in issuing licenses to producers of marijuana. At a broad level this is an unprecedented step in United States history and could lead to significant state resources being wasted on an effort that could ultimately be shut down due to the institution of legal proceedings by the Federal government. We believe that there are alternate paths towards implementing both the letter and spirit of compliance with I-502, informed by the behavior of the federal government towards medical marijuana, that provide firmer legal protection for the State, its employees and its citizens.

Finally, we are aware of the LCB's comments at the November State Government Committee included the disclosure that the LCB is considering diverting \$5.5 million dollars from other purposes to fund these new operations, including marijuana producer licensing and the hiring of 40 new personnel and consultants. We strongly urge the Liquor Control Board not to engage in any such diversion of existing funds for marijuana licensing without further discussion. Given

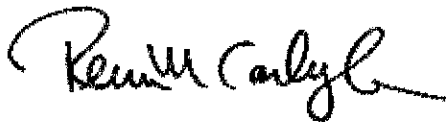
the paucity of funds available, the question of marijuana remaining a Schedule I Controlled Substance under federal law and a lack of a reasonable level of assurance that future revenue streams will justify such expenditures, we believe delaying such diversion of funds to be the most prudent course of action.

In light of these broad ranging matters, we request that the Liquor Control Board meet with us immediately to discuss ways to change their approach towards implementation of this unparalleled effort to ensure that precious state resources are not wasted and that are our valuable state employees not be exposed to any criminal liability. We look forward to meeting with you.

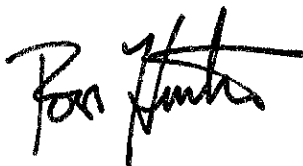
Sincerely,



Rep. Christopher Hurst
Chair, Government Accountability and Oversight Committee



Rep. Reuven Carlyle
Chair, Finance Committee



Rep. Ross Hunter
Chair, Appropriations Committee

CC Governor Gregoire
Governor-Elect Inslee